

TERM SHEET

FOR ISSUE OF SHARES BY [] LIMITED (Company)

This document (**Term Sheet**) summarises the principal terms of a proposed investment in the Company (**Investment**). This Term Sheet is not legally binding except for the terms stated in part B of this Term Sheet. There will be no obligation to issue or subscribe for shares in the Company until binding investment documents are signed by the parties.

PART A: INVESTMENT TERMS (non-binding)			
Parameters of the investment round			
Investment Round	Minimum Round Size	\$[]	
	Maximum Round Size	\$[] (Oversubscription by mutual agreement)	
	Rolling Close	Permitted?	Yes / No
Rolling Close		Up to [30 - 90] days.	
Investors and Investment Amounts	The persons identified at the end of this Term Sheet, and the Investment Amounts set out beside their names together with any other investors identified by the Company.		
Pre-Money Valuation	\$[]		
Issue Price	The Issue Price will be calculated by dividing the Pre-Money Valuation by the total number of shares, options, convertible loans, warrants, and other securities currently issued or otherwise reserved in the Company (a fully-diluted basis), including any allocation for the Share Scheme (aka ESOP Pool).		
Shares	Preference Shares, being shares carrying a non-participating 1x liquidation preference.		
Share Scheme (aka ESOP Pool)	Percentage of Shares	[insert %] issued shares in the Company immediately prior to Completion will be reserved for a Share Scheme (excluding any shares issued as part of a Share Scheme).	
Capitalisation Table	The current Capitalisation Table for the Company is set out in Appendix 2. It shows all shares, options, convertible loans, warrants, and other securities currently on issue or otherwise reserved in the Company before the Investment.		
Investment terms and conditions			
Conditions (for the Company's benefit)	1.	In respect to each Investor, the Company being satisfied that an exclusion applies to the disclosure requirements of Part 3 of the Financial Markets Conduct Act 2013 in relation to the issuance of Shares to that investor.	
Conditions (for Investors' benefit)	1.	Due diligence being completed to the satisfaction of the Investors including agreement of a business plan & budget.	
	2.	The Company entering into subscription agreements that bind investors to invest a total investment amount exceeding the Minimum Round Size.	
	3.	Entry into and adoption of a shareholders' agreement and constitution reflecting the terms of this term sheet.	
	4.	Capitalisation of all outstanding loans (if any) and that capitalisation resulting in the pre-investment capitalisation shown in the Capitalisation Table.	
Anticipated Completion Date	3 business days after satisfaction of all conditions precedent in the subscription agreement (actual completion date being referred to as the Completion Date).		
Anti-dilution	A broad based weighted average anti-dilution provision will apply if the Company issues shares in the future at a price lower than the Issue Price (adjusted for any capital reorganisations). The anti-dilution provision will not apply in respect of any shares or options issued under the Share Scheme.		

Warranties	<p>Customary warranties from the Company will be contained in the subscription agreement, including:</p> <ul style="list-style-type: none"> to its best knowledge and belief, all intellectual property and other rights used for the Business are the full legal, beneficial and unencumbered property of the Company or the subject of valid licences in favour of the Company; the Company does not have any actual or contingent liabilities greater than \$[20,000 – 50,000] that have not been specified in the statement of financial position provided to the Investors and such statement provides a true and fair view of the Company's position; and all information (excluding all forecasts and forward-looking information) provided to the Investors is true, accurate and complete in all material respects.
Warranty Limitations	<ul style="list-style-type: none"> Matters fully and fairly disclosed in a disclosure schedule to the subscription agreement or in the due diligence materials. Maximum aggregate liability of the Company to each Investor will be capped at the Investment Amount of that Investor. Claims must be notified within 12 months of the Completion Date.
Side-Car & Nominee Commission	<p>Where Icehouse Ventures introduces side-car investors from its network to invest in the Company via Icehouse Ventures Nominees Limited (with the consent of the Company), the Company will pay a sum equivalent to 6% (plus GST) of the Investment Amount invested by such side-car investors to Icehouse Ventures Limited.</p> <p>Where the Company introduces investors to invest in the Company via Icehouse Ventures Nominees Limited, the Company will pay a sum equivalent to 2% (plus GST) of the Investment Amount invested by such investors to Icehouse Ventures Limited.</p> <p>Icehouse Ventures may choose to pay its investment net of this commission.</p>
Governance terms	
Business	<p>The business of the Company relating to [<i>describe business</i>] (Business).</p> <p>The Company will not carry on any business other than the Business without the prior written consent of the Investor Director.</p>
Board Composition	<p>The Board will consist of a maximum of [3-5] Directors, including up to:</p> <ul style="list-style-type: none"> 2 Existing Shareholders Directors 1 Investor Director <p>Existing Shareholders Director(s) shall be appointed, removed, replaced by a majority of Existing Shareholders (based on shares held).</p> <p>The Investor Director shall be appointed, removed, replaced by a majority of Preference Shareholders (based on shares held).</p>
Icehouse Ventures Board Observer	<p>Icehouse Ventures Nominees Limited shall have the right to appoint an observer to the Board who, subject to signing a confidentiality agreement if requested by the board, may unless the board (including the Investor Director) determines otherwise attend the meetings of the board and have access to all information provided to the board. The appointment of a board observer will be made in good faith to enhance the communication and relationship between the Investors and the Company to maximise the Company's access to and benefit from the Investors' network, resources and expertise.</p>
Other Board Provisions	<p>The Board will meet no less than [6-8] times per annum. Any compensation to be provided to non-executive directors must be approved by unanimous approval of the Board.</p> <p>Context (Not for inclusion in investment documentation): Non-executive directors, including the Investor Director, will typically be eligible for compensation equivalent to \$15 – 30k per annum of shares or options.</p>
Board Approvals	<p>The following items require Board approval and, where one has been appointed, such approval will require the support of the Investor Director(s):</p>

	<ul style="list-style-type: none"> • issues of shares (including any IPO), options or any instruments convertible to equity (unless undertaken through a pre-emptive rights issue); • any transaction or arrangement likely to have the effect of the Company acquiring rights or interests or incurring obligations or liabilities outside of the agreed Business Plan, the value of which is greater than \$[20,000-50,000]; • any borrowings, guarantees, indemnities or other contingent commitments (excluding indemnities given under customer or supplier agreements in the ordinary course of business), the value of which exceeds \$[20,000-50,000]; • any purchase by the Company of any securities of any other entity; • appointment of any C-suite positions or any other Key Person, and any material modification of their engagement terms (including compensation) (with such actions not to be unreasonably withheld).
Special Resolution	A resolution of shareholders holding 75% or more of the shares with voting rights attached which must also include shareholders holding a majority of the Preference Shares.
Shareholder Approvals	<p>Prior approval by Special Resolution of shareholders is required for the following:</p> <ul style="list-style-type: none"> • any Major Transaction or transaction involving the disposal of a significant proportion of the Company's assets; • any significant change in the nature of the Business (whether by acquisition or otherwise); and • subject to the following sentence, any transaction between the Company and any holder of securities, Director, officer or employee of the Company or any associate of any of them, unless that transaction has been approved by a unanimous resolution of the Board (including at least one Director who is not interested in the transaction). Prior approval by Special Resolution of shareholders will not be required for participation by those persons in the Company's capital raising activities on the same terms as other participants or in accordance with pre-emptive rights on the issue of new securities.
Financial Statements, Reporting	Unaudited quarterly statements and unaudited annual accounts, accompanied by reports covering all material aspects of the Company's progress, are to be provided to the holders of Preference Shares.
Pre-emptive rights on the transfer of shares	Usual pre-emptive rights on the transfer of existing securities shall apply.
Capital raising	<p>Usual pre-emptive rights on the issue of new securities shall apply.</p> <p>Any unallocated shares will be applied (i) first, toward applications for oversubscriptions by the shareholders and if more than one applying, on a pro-rata basis among them, based on their holdings as against other oversubscribing shareholders and (ii) secondly, by the Board in the best interests of the Company, including to external investors provided that the terms of that allocation are no more favourable than those offered to the shareholders.</p> <p>Permitted exemptions to the pre-emptive rights process are:</p> <p>(a) capital raising approved by a Special Resolution (which must also include a majority of Preference shares);</p> <p>(b) issuances under an agreed Share Scheme.</p> <p>Context (Not for inclusion in investment documentation): Icehouse Ventures believes in backing brave founders to go the distance. We hope to go on that journey together, investing significantly more in subsequent rounds than our initial investment, and accordingly value the opportunity to invest more than just our pro-rata. Where needed, we are generally willing to scale back our interest to ensure you can bring onboard top tier lead investors in subsequent rounds.</p>

Drag Along Rights	Drag along rights will apply where shareholders wish to sell 75% or more of the shares including a majority of the Preference Shares and Key Person(s)' Shares to a third party. The shareholders being dragged will be required to sell on the same terms.
Tag Along Rights	Tag along rights will apply where shareholders wish to sell more than 50% of the shares in the Company to a third party. The shareholders tagging into the sale will have the right to sell on the same terms, or on a pro-rata basis if the buyer does not wish to buy all of the available shares.
Founder arrangements	
Key People	
Founder Vesting	Founders own their shares outright, subject to the Company's right to buyback up to []% of the shares (Unvested Shares) held by each Founder at cost where the Founder ceases to be engaged in the Company. The Unvested Shares will vest (i.e. no longer be subject to such buyback) in equal monthly increments over 48-months after Completion.
Other	
Investment Documents	The Investment Documents will be prepared by the Company using the standard AANZ template subscription agreement, shareholders' agreement, and constitution.
ESG	<p>Icehouse Ventures exists to back the bravest kiwi founders and we believe the ventures those founders build will shape the world we live in. Accordingly, we want that shaping to make a positive impact and are committed to fostering high environmental, social and governance (ESG) standards.</p> <p>The Company agrees to adopt internal ESG policies and practices that are in line with global best-practice and are appropriate for a company of its size and resources operating in its industry. The Company acknowledges that Icehouse Ventures may periodically ask the Company to provide it with ESG reporting against such policies and practices.</p>
PART B: LEGALLY BINDING TERMS	
Legal Costs	Subject to completion occurring, the Company will pay all legal costs incurred by Icehouse Ventures relating to the Investment Documents and related documentation up to a maximum of \$5,000.00 plus GST. The Company will pay its own legal and professional costs incurred by it in relation to the Investment Documents and related documentation.
Confidentiality	The contents of this Term Sheet, and the fact that one has been issued, may only be disclosed by the Company to its shareholders, directors and advisers or other person(s) approved by the Investors (on a need-to-know basis).

The parties respectively acknowledge the intended investment terms described in Part A and agree to be bound by the terms in Part B.

SIGNED on behalf of Icehouse Ventures:

SIGNED on behalf of the Company

Name

Name

Date

Date

COMMITTED INVESTORS	
Name	Amount
Icehouse Ventures Funds	\$
Icehouse Ventures Side-Car Investors	\$

APPENDIX 2
Current Capitalisation Table